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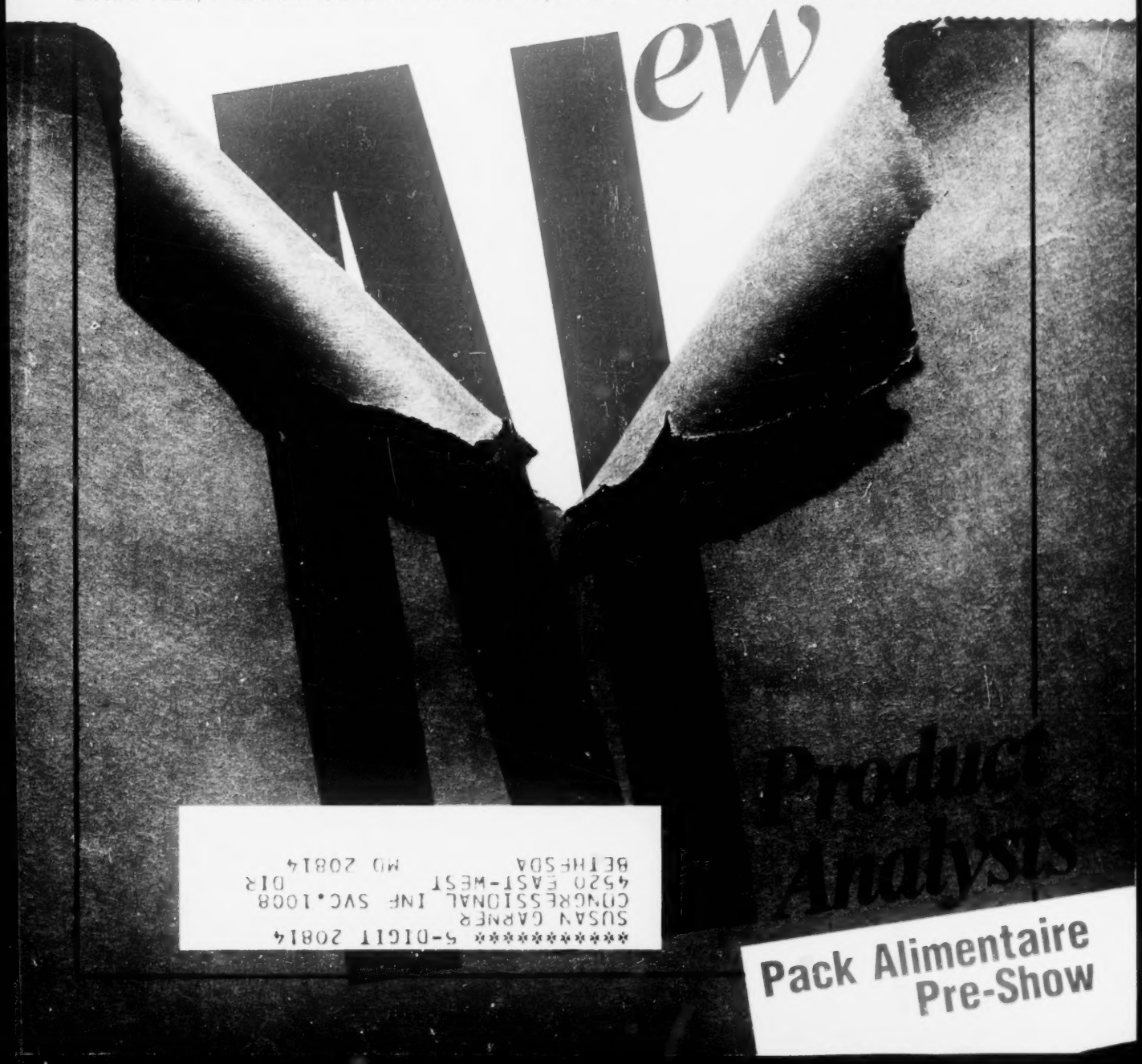
# FOOD ENGINEERING

SINCE 1928, THE SOURCE ON PROCESSING, PACKAGING, AND PRODUCT DEVELOPMENT

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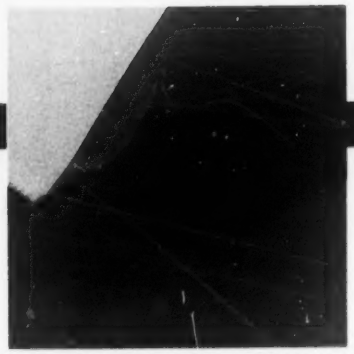
# FOOD ENGINEERING



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JESSE H. NEAL AWARD-WINNING PUBLICATION

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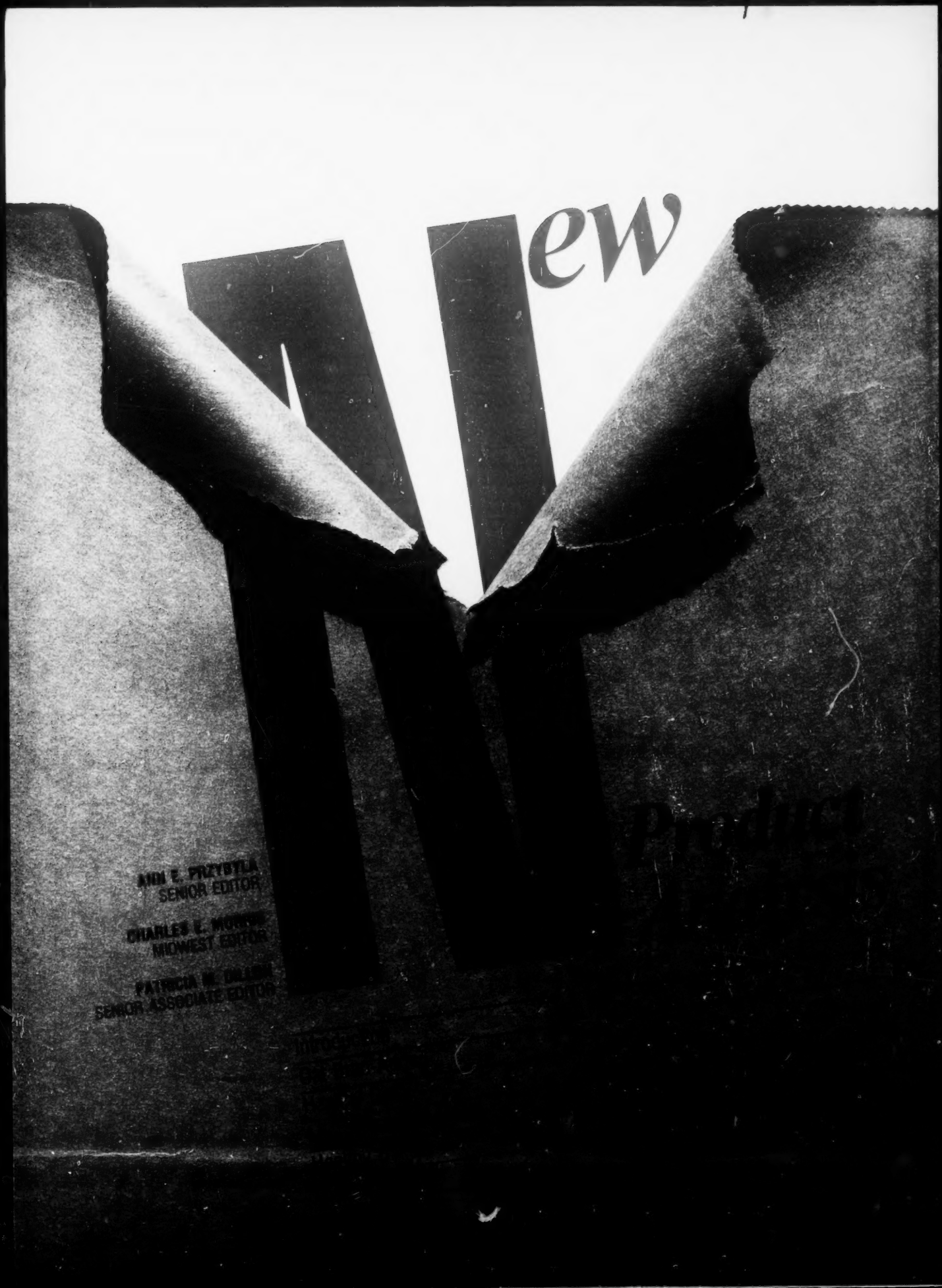
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While up from last year, the number of new foods and beverages introduced in 1989 did not reach the record number introduced in 1987. Total food and beverage introductions in 1989 were 3,477, according to Marketing Intelligence Service Ltd., a new product tracking firm based in Naples, NY.

"Measures of new product activity in 1989 show that marketers are trying more than ever to minimize their risks," said Richard Lawrence, president of Marketing Intelligence. "The explosive growth in the numbers of new products that occurred in the mid-80s is over. Two thirds of introductions were line extensions – new varieties, improved formulations, new sizes, or new packages for existing brands. These measures indicate that new product marketers are being more deliberate and focused in their attempts to win scarce shelf space and gain the attention of jaded consumers."

Food companies are also feeling increased pressure from supermarkets for strong support of new products. According to a study by FIND/SVP (New York), trade buyers are giving new products six months to reach a significant level of success.

"Consequently, they [trade buyers] say manufacturer introductory programs must offer heavy advertising and promotions to the consumer that raise brand awareness and offer buying incentives," stated Pete J. Allen, FIND/SVP vice president. "They must also offer allowances to the trade to offset their costs of slotting, promotions and advertising."

Food manufacturers concur that brand awareness is important. "Good brands are the best assets you can buy – they have real value and will deliver in the future," said William D. Smithburg, chairman and CEO, The Quaker Oats Company (Chicago, IL). He added that new products are not desirable, they are mandatory.

Large companies continue to dominate the lists of the most frequent product marketers, according to Marketing Intelligence. And, these large

## 1989 food introductions

| Food | Total intros. | New brand | Line ext. w/in brand | Other (i.e. new package) | Total SKUs |
|---|---|---|---|---|---|
| Baby food | 8 | 1 | – | 7 | 21 |
| Bread & bread products | 136 | 37 | 2 | 97 | 272 |
| Cake mixes & cake frosting mixes | 13 | 4 | – | 9 | 24 |
| All other baking mixes | 42 | 9 | – | 33 | 71 |
| Catsup | 8 | 3 | – | 5 | 10 |
| Cereals | 132 | 25 | 4 | 103 | 191 |
| Cheese | 82 | 33 | 1 | 48 | 260 |
| Chewing gum | 22 | 1 | 1 | 20 | 37 |
| Chips | 96 | 32 | 2 | 62 | 215 |
| Chocolate candies | 114 | 39 | 1 | 74 | 387 |
| Non-chocolate candies | 81 | 21 | – | 60 | 235 |
| Cookies | 158 | 54 | 4 | 100 | 381 |
| Crackers | 58 | 12 | – | 46 | 84 |
| Dairy substitutes | 9 | 2 | – | 7 | 11 |
| Other non-beverage dairycase products | 17 | 7 | – | 10 | 21 |
| Desserts | 27 | 6 | 1 | 20 | 49 |
| Special diet foods | 51 | 12 | 1 | 38 | 86 |
| Entree mixes | 17 | 5 | – | 12 | 36 |
| Fish | 50 | 13 | 1 | 36 | 108 |
| Fruits | 32 | 15 | – | 17 | 103 |
| Ice cream & ice cream cones | 136 | 52 | 5 | 79 | 352 |
| Jams, jellies, marmalades, sweet butters | 49 | 19 | 3 | 27 | 203 |
| Margarine, butter, etc. | 16 | 8 | – | 8 | 30 |
| Mayonnaise & imitation mayonnaise | 19 | 1 | – | 18 | 24 |
| Meals & entrees | 148 | 53 | 4 | 91 | 389 |
| Meat meals & entrees | 40 | 9 | 1 | 30 | 79 |
| Fish meals & entrees | 17 | 6 | – | 1 | 61 |
| Poultry meals & entrees | 37 | 3 | – | 34 | 90 |
| Vegetable meals & entrees | 4 | – | – | 4 | 6 |
| Meat | 55 | 25 | – | 30 | 133 |
| Mustard | 34 | 14 | 1 | 19 | 89 |
| Non-stick surfacing products | 5 | – | – | 5 | 6 |
| Nut butters | 22 | 5 | 1 | 16 | 44 |
| Nuts & seeds | 22 | 10 | – | 12 | 46 |
| Oil & shortenings | 35 | 14 | 1 | 21 | 80 |
| Pasta products & combos | 55 | 20 | 2 | 33 | 225 |
| Pastry & baked products | 96 | 27 | 1 | 68 | 257 |
| Pickles, relishes, olives, chutney, etc. | 45 | 19 | – | 26 | 137 |
| Popcorn | 57 | 25 | – | 32 | 125 |
| Poultry | 45 | 9 | – | 36 | 123 |
| Prepared salads | 14 | 5 | 1 | 8 | 42 |
| Rice & rice combos | 42 | 12 | – | 30 | 121 |
| Salad dressings | 58 | 16 | 3 | 39 | 134 |
| Salad toppings & dips | 18 | 2 | – | 16 | 34 |
| Spaghetti sauces & other pasta sauces, pizza sauce | 34 | 11 | – | 23 | 84 |
| Other sauces, gravies & condiments | 117 | 41 | 5 | 71 | 243 |
| Savoury spreads | 8 | 2 | 1 | 5 | 16 |
| Snack bars | 23 | 7 | – | 16 | 49 |
| Other snacks | 105 | 34 | 1 | 70 | 239 |
| Soup | 61 | 20 | – | 41 | 136 |
| Spices, extracts & seasonings | 102 | 34 | 1 | 67 | 266 |
| Staples | 43 | 18 | 2 | 23 | 70 |
| Sweet toppings | 48 | 8 | 2 | 38 | 102 |
| Vegetable protein products | 28 | 9 | 1 | 18 | 54 |
| Vegetables | 87 | 24 | 1 | 62 | 174 |
| Yogurt and yogurt imitations | 40 | 25 | – | 15 | 154 |
| Total | 2918 | 918 | 55 | 1946 | 7019 |

Source: Productscan®, Marketing Intelligence, Service Ltd.

companies are slowly increasing their share of total introductions in the food and beverage industries.

"The risks of new products for small companies are generally lower than for large companies, and small companies have historically accounted for disproportionately large shares of new products compared to their shares of sales," commented Lawrence. "The increasingly tough climate for new products seems to be harder on the smaller companies. The marketing muscle and the extent of their existing shelf allocations give larger firms an edge in getting new items into the store."

The level of innovation shown in 1989 introductions was slightly above that for 1988. The innovative rating for 1989 was 13.4 percent compared to 12.1 percent in 1988 and 11.4 percent in 1987, according to Marketing Intelligence. The innovation rating identifies the proportion of total introductions that offer consumers something significantly new in at least one of five areas: formulation, positioning, packaging, technology or "previously unmet."

Lawrence pointed to the growth in importance of packaging and technological innovations as a sign of more emphasis on instrinsic product differentiation. Although formulation innovations are the most prevalent, they often appear to be marketing gimmicks rather than obvious improvements, he added.

A number of significant trends occurred during 1989. Health became even more important. Over half of all new food and beverage launches employed some kind of nutritional descriptor promising more or less of something, reported Marketing Intelligence. Fat levels were reduced in numerous products, and bran—especially oat bran—was added to even more foods. These trends are expected to continue—especially as the average age of the U.S. population increases since health concerns increase with age.

The major trends in 1989 new food and beverage introductions, as identified by *Food Engineering*, are: oat bran-added, healthy dairy, microwaveable meals, new age drinks, healthy bakery and frozen novelties.

## Oat bran-added

As consumers looked toward foods during 1989 for answers to their health concerns, sales of oat bran products soared. According to Arbitron/SAMI, sales of cold cereals with oat and bran added went from $69.7 million in 1988 to $240 million in 1989—an increase of 245.3 percent. In the hot cereal category, sales of oat and bran-added cereals went from $4.2 million in 1988 to $10.3 million in 1989—an increase of 142.2 percent. (A complete report on the oat bran cereal market is available from Arbitron/SAMI, 41 East 42nd Street, New York, NY 10017.)

The market for cereals that appeal to the health-conscious adult accounts

### Top 10 food company introductions

| | 1988 | 1989 |
|---|---|---|
| Philip Morris Co., Inc., | 67 | 156 |
| Nestlé Holdings, Inc. | 44 | 52 |
| Campbell Soup Co. | 47 | 51 |
| Unilever United States, Inc. | 38 | 47 |
| RJR Nabisco, Inc. | 50 | 46 |
| Ralston Purina Co. | 27 | 41 |
| Borden, Inc. | 26 | 39 |
| General Mills, Inc. | 53 | 38 |
| Grandmet Consumer Products | – | 32 |
| ConAgra, Inc. | 35 | 29 |

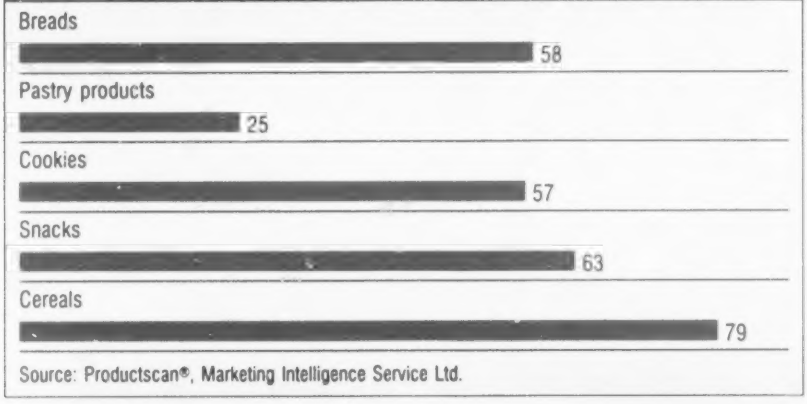
Source: Productscan®, Marketing Intelligence.

### 1989 beverage introductions

| Food | Total intros. | New brand | Line ext. w/in brand | Other (i.e. new package) | Total SKUs |
|---|---|---|---|---|---|
| Alcohol beverage substitutes, low alcohol | 11 | 6 | – | 5 | 25 |
| Baby beverages | 8 | 1 | 1 | 6 | 15 |
| Beer & ale | 57 | 25 | – | 32 | 86 |
| Beverage mixes & bases | 28 | 15 | – | 13 | 80 |
| Cocktail mixes | 10 | 4 | 1 | 5 | 19 |
| Coffee | 69 | 31 | – | 38 | 189 |
| Fruit and fruit flavored | 98 | 26 | – | 72 | 223 |
| Health drinks | 7 | 3 | – | 4 | 25 |
| Isotonic, energy producing beverages | 19 | 10 | – | 9 | 30 |
| Liqueurs | 5 | 3 | – | 2 | 6 |
| Milk & non-dairy milk | 25 | 8 | – | 17 | 40 |
| Milk additives | 1 | 1 | – | 1 | 1 |
| Mineral water & bottled water | 46 | 18 | – | 28 | 124 |
| Miscellaneous soft drinks | 64 | 64 | – | 39 | 256 |
| Tea | 41 | 13 | 1 | 27 | 146 |
| Vegetable and vegetable flavored | 11 | 1 | – | 10 | 1 |
| Wine & wine coolers | 27 | 10 | – | 17 | 69 |
| Other alcohol | 32 | 15 | 1 | 16 | 47 |
| Total | 559 | 214 | 4 | 341 | 1402 |

Source: Productscan®, Marketing Intelligence Service Ltd.

**Top five 1989 oat bran added introduction categories**




Source: Productscan®, Marketing Intelligence Service Ltd.

**Oat bran seemed to be the magical ingredient of '89 with cereals, cookies, breads, snack foods, pasta, and beer among the foods it appeared in.**

for nearly 20 percent of the $6 billion ready-to-eat cereal category and is growing, reported Nabisco Brands Inc. (East Hanover, NJ) when introducing *Nabisco Shredded Wheat with Oat Bran* in August. Another cereal producer to introduce a line extension by adding oat bran to an existing product was Ralston Purina Company (St. Louis, MO). *Oat Chex* bran cereal was advertised as combining the great taste of crunchy toasted oats with a touch of honey with the benefits of oat bran.

While cereals were the most common food product to which oat bran was added, they certainly were not the only ones. Cookies, breads and other bakery products, snack foods and pasta products also were formulated to include oat bran.

Pet Incorporated (St. Louis, MO) and Kellogg Company (Battle Creek, MI) both introduced frozen waffles with oat bran. Pet's *Downyflake* oat bran frozen waffles were introduced in major markets at the end of 1989, with national rollout scheduled for the first quarter of 1990. An oat bran variety was added to *Pillsbury Microwave Pancakes* from Pillsbury Company (Minneapolis, MN).

Schulze and Burch Biscuit Company (Chicago, IL) added an oat bran variety to its line of *Flavor Kist Toast'em Pastries*. Both blueberry and strawberry varieties are available.

An example of a new cookie containing oat bran is *Oat Bran Fruit Jumbos Cookies* from Health Valley Foods. They are made with organically grown whole wheat flour, oat bran, concentrated fruit juices and fruit, soy oil, oats, organically grown apricots, natural flavors, soy lecithin, and baking soda. Each cookie contains 2.3 grams of oat bran and 1.5 grams of dietary fiber. Packages carry the statement, "Recent nutritional research indicates that just 3-1/2 ounces of oat bran a day can lower cholesterol by as much as 30 percent in people with elevated cholesterol."

Another line of cookies with oat bran hails from LifeTone International (Boca Raton, FL). *LifeTone Oat Bran Cookies* are soft, homemade-style cookies and come in three varieties: carob date, cinnamon and vanilla date.

*Casa Ricardo Tortilla Chips* with oat bran carried the statement, "Research indicates that soluble fiber removes cholesterol from our bodies. Since oat bran has more soluble fiber than most grains, it has become our #1 natural means of reducing cholesterol!!!" The product is manufactured by Ricardo's Inc. (Memphis, TN).

*Barbara's Oat Bran Pretzels*, from Barbara's Bakery, Inc. (Petaluma, CA), are over 30 percent oat bran. Each one ounce serving contains nine grams of oat bran and three grams of dietary fiber.

# NEW PRODUCT ANALYSIS

Health claims concerning oat bran's role in lowering cholesterol when consumed as part of a low fat, low cholesterol diet received much attention in 1989. A recently issued Federal Trade Commission staff report examined the ready-to-eat cereal market and the role of producer advertising and labeling in communicating the link between diet and health to the public. The report provided evidence that the use of these health claims resulted in more individuals eating cereal—especially high fiber cereals. Moreover, the report pointed out that these effects were most pronounced for groups that are not well reached by government and general information sources.

The FDA's revised proposed health claims ruling, issued in February 1990, is more restrictive than the earlier version proposed in August 1987. Withdrawing its 1987 health claims proposal, FDA said that it was too broadly written and that some manufacturers have taken advantage of the uncertainties created. Whether oat bran will continue to be considered a magical ingredient is not yet clear. Much research remains to be done on fiber's effect in lowering blood cholesterol levels (see p. 28).

Introduction of oat bran added products continues, though, with other types of bran-added foods being introduced. The first quarter of 1990 saw a number of new rice bran product on the market. For example, *Rice Bran Options*, from Ralston Purina, is now being offered as an alternative to *Oat Bran Options*.

## 'Healthy' Dairy

According to the Marketing Intelligence survey, 130 new dairy products positioned as "low fat," "low cholesterol," and/or "light/lite" were introduced in 1989—down from 170 introduced the year before. Breakdown: ice cream, 34; cup yogurt, 27; cheese, 24; frozen yogurt, 17; milk, 8; sour-cream substitutes, 7; butter/margarine blends, 5; "other," 8. These are new product lines only; were all flavors, varieties, packaging sizes and line extensions included, the ice-cream category alone would total more than 200.

**Ice cream:** According to *U.S. Industrial Outlook 1990* (U.S. Department of Commerce), the value of ice-cream and frozen-dessert shipments grew 3.4 percent last year but per-capita consumption of ice cream dropped 6 percent as more consumers switched to lower-fat frozen desserts, with per-capita consumption of sherbet soaring 8.3 percent and ice milk 6.8 percent. Most significant new product of 1989: *Sealtest Free* Nonfat Ice Cream in eight different flavors, introduced in October to New England markets by Kraft General Foods (KGF) and which might prompt a new FDA standard of identity for nonfat "ice cream." (As this story went to press mid-March, however, KGF changed the identity of the product to "non-fat frozen dessert" to comply with current standards of identity.) Sealtest Free contains cellulose gel (microcrystalline cellulose) as a texturizing/bulking agent, contains less than 100 calories per half-cup serving and is positioned as low-cal, fat-free and cholesterol-free.

Other creative "healthy" frozen desserts introduced last year included *Lite Fantastic*, the "first ice-cream substitute that contains no sugar, no fat and no cholesterol," sweetened with NutraSweet and incorporating a combination of bulking agents for the "creamy mouthfeel" of ice cream, from Anderson-Erickson Dairy Co. (Des Moines, IA); and *Rich n'Free* nofat "ice cream" (manufacturer's quotation marks) which reportedly uses carmelized skim milk to achieve texture without bulking agents, contains 90 percent less cholesterol than real ice cream and only 60 calories per 3-oz. serving, from Nouvelle Ice Cream Co. (San Raphael, CA).

**Cheese:** Biggest problem in developing fat/cholesterol-reduced cheese products: Taste, said Cindy Clark, manager of dairy products for the Fleming Companies at the Wisconsin Milk Marketing Board's Industry Forum last October. Although she has seen some good Jacks, Mozzarella and Swiss that fall into the low cholesterol/light categories, "I have not tasted a really good Cheddar," Clark reported. "And this is being reflected at retail. Cheddar is not selling anywhere near its normal percentage of the light or low-cholesterol total."

Marketing Intelligence reflects the problem: Of the 41 reduced fat/cholesterol natural cheeses (of all varieties) introduced last year, only four were Cheddar. Fourteen were imported European varieties such as Gouda, Havarti, Fromage Blanc, and Swiss. American-made varieties were mostly Mozzarella, Jack and Colby. Most unique new line of '89: *Gamay Smart* no-fat cheese, from Gamay Foods, Inc. (Franklin, WI), in four varieties. Made of 100 percent skim milk, the Gamay products are positioned as no fat, no cholesterol, no additives, low sodium and with 75-percent fewer calories than regular cheese, yet bear the UDIA "Real" dairy seal. White Clover Dairy (Hollandtown, WI) introduced four varieties of reduced fat cheeses (Cheddar, Colby, Gouda, and semi-soft "Farmer") in several retail, foodservice and commercial sizes, with the Cheddar labeled "44 percent less fat than regular Cheddar cheese." Borden and Land O'Lakes unveiled low-fat Cottage cheese containing only one percent milk-fat.

Twenty-one additional reduced fat/cholesterol processed cheese products—mostly spreads—were introduced in '89. One, actually an imitation cheese, is vegetable-oil based *Nucoa Heart Beat American Sandwich Slices* from GFA Brands, Inc. KGF unveiled *Kraft Crockery Spreadable Cheese Snacks*, low in cholesterol and with "25 percent fewer calories than cream cheese."

**Yogurt:** According to the March, 1989 study *The Yogurt Market* by the New York market-research firm FIND/SVP, cup-yogurt sales grew at a compound annual growth rate of 9.2 percent from 1982-88 to reach a producer value of $1.05 bil-

lion in '88, and will continue growing at an annual rate of 5 to 8 percent to reach $1.13 billion by 1993. Spurred by the mid-'88 FDA clearance of NutraSweet in yogurt products, nonfat yogurts accounted for 11 percent of all yogurt sold by early '89, FIND/SVP esimated.

According to Marketing Intelligence, 27 more lowfat/nonfat yogurt lines were introduced in 1989. Counting all brands, flavors and package sizes, the segment exploded with 108 new items last year. Major processors niched the segment with multiple product lines, offering varying cup sizes for varying calorie counts per serving, various single and multiple-fruit flavors, varying pack sizes (e.g. four-packs and six-packs, some with varying flavors per pack), mostly sweetened with NutraSweet. Borden, Kraft General Foods, Yoplait USA and Dannon each launched three new lowfat/nonfat yogurt lines last year; Weight Watchers International two.

**Frozen yogurt**: According to a Sept. 1989 study by FIND/SVP, retail sales of frozen yogurt soared 516 percent from $200 million in 1985 to $1.2 billion in 1989 for a compound annual growth rate of 57.6 percent, and sales will more than double to $2.6 billion by 1993 with new flavors and novelties sparking the trend. Marketing Intelligence lists 12 bulk-packed frozen-yogurt products introduced in 1989. (See page 84 for frozen-yogurt novelties.) Examples: *Hood Frozen Yogurt* in five flavors, 97-percent fat-free and low in cholesterol, from H. P Hood (Boston); *Purity Frozen Yogurt*, 98-percent fat-free with 105 calories per 4-oz. serving, from Purity Dairies (Nashville, TN). The only NutraSweet-sweetened frozen yogurt to date is NutraSweet's own *Desserve*, introduced in November 1988 and marketed to food-service operators by Elgin-Honey Hill Corp. (Chicago).

**Other products:** Lowfat sour-cream items included both real-dairy and substitute products. Examples: *Daisylight Light Sour Cream* from Daisy Brand, Inc. with 40-percent less fat and 25-percent fewer calories than sour cream; *King Cholesterol Free Sour Cream Alternative* made with 100-percent corn oil for no cholesterol with 30-percent fewer calories from American Whipped Products, (Newburgh, NY).

Reduced-calorie spreads included *Pure and Simple Light Butter*, "the world's first 'light' butter" with "46 percent less cholesterol than regular butter," introduced in Canada by Ault Foods; and Lever Brothers' *Dairybrook Reduced Calorie Butter Product*, made from butter and skim milk but with 50 percent less fat, cholesterol and calories than butter.

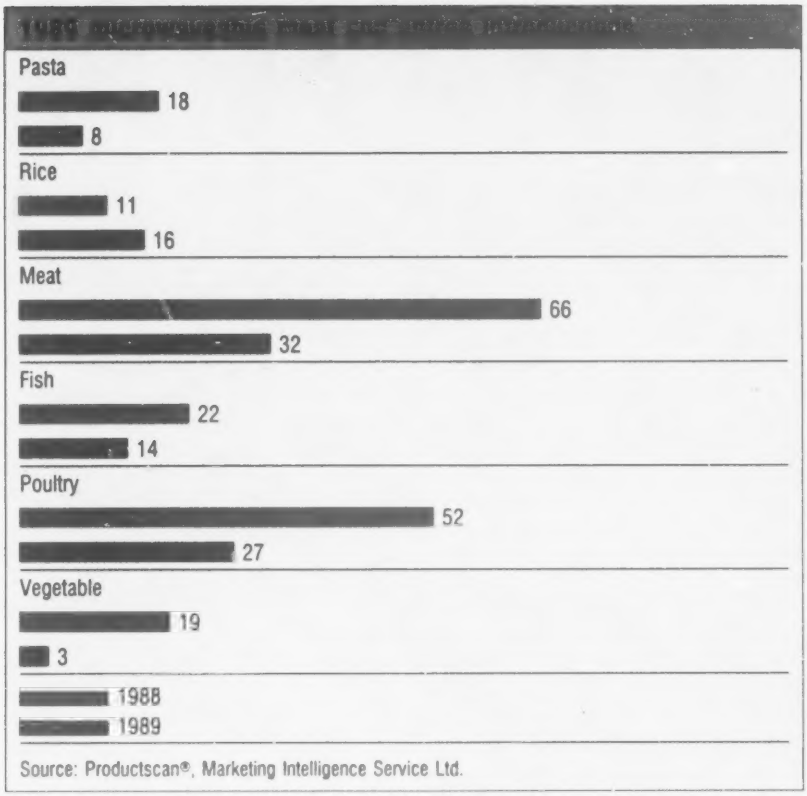
**Twenty-four new lowfat/low cholesterol/"light" cheese-product lines totaling 62 varieties were introduced in 1989. Several are shown above. (Source: Wisconsin Milk Marketing Board.)**

## Microwaveable meals

Microwave ovens are now in 75 percent of U.S. homes, with 90 percent penetration expected by the year 2000, pointed out Patrice L. Custis, marketing research manager for the Campbell Microwave Institute (Camden, NJ). And one-third of U.S. households use the microwave oven as the primary source of cooking.

"During consumer interviews, we learned that many Americans have embraced their microwave ovens with a passion—some even consider it a friend," Custis told those attending *Microwaves in the 90's*, a conference sponsored by the New York section of the Institute of Food Technologists, held February 20 in Woodbridge, NJ. "Clearly the microwave oven is here to stay."

Custis pointed out that $4 billion of prepared foods are heated in microwave ovens each year, and $1 billion of microwave-only foods were sold in




Source: Productscan®, Marketing Intelligence Service Ltd.

1989—a 50 percent increase from the previous year. "But microwave food product development lags penetration, creating extraordinary opportunities," emphasized Custis.

Several categories within microwavable meals were especially active during 1989.

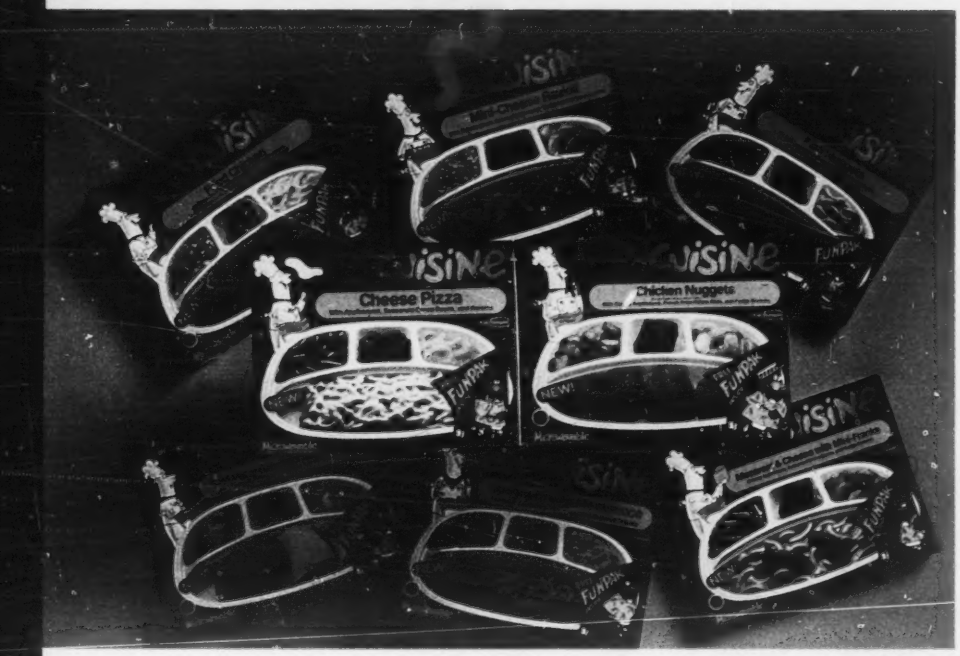
**Shelf-stable:** A small, but growing area of microwaveable meals is shelf-stable. With freezer space at a premium, these products have appeal to supermarkets. And, they offer a greater degree of portability to consumers. According to Find/SVP (New York), shelf-stable foods have the potential to take away 10 percent of frozen food sales. Among the products introduced in this area during 1989 were *Ole' Microwaveable Mexican Meals in Minutes* from La Mexicana Foods (Dallas, TX). They come in plastic dishes with foil tops and have a suggested retail price from $1.59 to $4.99. Beef Fajitas with Texas Mesquite Flavor, Smoked Flavor Chicken Fajitas, Chili Conqueso and Spanish Rice are some of the items in the seven-item line. Doubletree Foods (Phoenix, AZ) added two pasta items to its *Lunch Bucket line*—Fettucine Marinara and Pasta Italiano. Both have a suggested retail price of $1.29.

Another line extension to single-serve, shelf-stable products during 1989 came from Geo. A. Hormel & Co. (Austin, MN)—*Lasagna* and *Spaghetti and Meatballs* in 7-1/2 oz. tubs containers which retail for $1.05 each.

Kraft General Foods (White Plains, NY) announced the introduction of *Kraft Impromptu Lite* shelf-stable entrees. Seven varieties, each under 200 calories, are in the line. They are packaged in plastic trays. Also from Kraft General Foods are *Minute Microwave Dishes*. Each comes in a microwavable dish and is prepared by adding water and heating.

**Heat and run:** The importance of convenience to consumers is particularly apparent in the sales of microwave sandwiches. In 1989, sales of microwaveable sandwiches (not including breakfast sandwiches) were $245.4 million as compared to $154.7 million for 1988—a 58.6 percent increase, reports Alan Miller of Arbitron/SAMI. Breakfast sandwich sales have stabilized at about $100 million per year, said Miller.

Among the microwaveable sandwiches introduced in 1989 are: *Micro Manwich Sloppy Joe Sandwiches* from Beatrice/Hunt-Wesson, Inc. (Fullerton, CA); *Great Grillin's Microwave Burgers* from Quaker Oats Company; *Pizza Pockets* from Lamb-Weston, Inc. (Portland, OR); *Esskay Microwavable Hamburgers* and *Cheeseburgers* from Schluderberg, Kurdle Co., Inc, (Baltimore, MD); *Act II Pizza Pockets* from Golden Valley Microwave Foods (Edina, MN); *Lean Pockets Singles* from Chef America (Chatsworth, CA); and *Barbecue Chicken Sandwich* from Tyson Foods, Inc. (Springdale, AR). In addition J.R. Simplot Company (Boise, ID), one of the early players in this category, introduced 3-packs of its *MicroMagic Microwave Cheeseburgers, Ham-*




**With convenience the price of entry for any new product, the number of new foods developed for microwave preparation is expanding rapidly.**

*burgers* and *Chicken Sandwich* during 1989. The larger size was added after research showed that consumers purchased an average of 3.2 MicroMagic sandwiches per transaction.

Also in the heat and run category, 1989 saw the introduction of a number of frozen, microwaveable hors d'oeuvres. *Shang Hai Shrimp Eggrolls* from Lee Foods Corp. (Syracuse, NY) were introduced in a two-count seven ounce box. Lo-An Delicacies (Tampa, FL) also introduced eggrolls. *Cha-Zah! Large Vegetable Egg Rolls* come four to a box with a suggested retail price of $1.69.

**Healthy:** A new category within microwavable meals/entrees in 1989 encompassed those products formulated to meet the latest dietary guidelines with controlled levels of cholesterol, fat and sodium. ConAgra Consumer Frozen Food Co. (Omaha, NE) began the year by launching *Healthy Choice* frozen dinners. This line has become a $100 million brand and was the number three frozen dinner brand during the last 12 weeks of 1989, reports Miller. The success of the Healthy Choice frozen dinners led to the introduction of *Healthy Choice* frozen entrees during the fourth quarter of 1989.

Stouffer Foods (Solon, OH) rolled out *Right Course* frozen entrees in September 1989. The line contains 11 items including shrimp primavera, chicken tenderloins in peanut sauce, vegetarian chili and beef dijon with pasta & vegetables.

**Meals for Kids:** With more mothers working, younger children are now in the kitchen. A number of frozen meals introduced during 1989 were geared specifically toward children. Following a successful test market in Dallas, Denver, St. Louis, Salt Lake City, Indianapolis and Fort Wayne, IN, *Kid Cuisine* frozen dinners were rolled out nationally in the fall of 1989. The eight-item line carries the Banquet brand (ConAgra) and was developed to meet kids' preferences for tastes.

Geo. A. Hormel & Co. introduced a shelf-stable line of microwaveable meals for children during 1989—*Kid's Kitchen*.

The challenge within the microwaveable meal category will be to keep up with the latest technology without loosing sight of the consumer, concluded Campbell's Custis.

## 'Healthy bakery'

Consumer nutrition concerns created an avalanche of "healthy" bakery products last year. According to Marketing Intelligence, no less than 202 new "healthy bakery" products in 418 varieties were introduced in 1989. Breakdown: bread, 39; buns/rolls/ muffins, 20; pastries, 37; mixes, 17; crackers/crispbread/croutons, 42; cookies, 31; snack bars, 16.

Bakers were originally slow to board the bran bandwagon: Only 16 new bakery offerings in 1987 and 18 in '88 were positioned as high-fiber products. That pace accelerated at space-shuttle speed last year as 113 new products were tagged as "high fiber" or "high in bran." Most incorporate oat bran but a few bakers were quick to exploit rice bran, also shown recently to be effective in reducing cholesterol (*FE* Nov. '89). Examples: rice-bran breads from Inter-American

Foods (*Monks, Natural Grain*) Campbell Taggart (*Roman Meal*) and Stroehmann Bakeries (*Bohemian Hearth*); rice-bran cookies and crackers from J&J Snack Foods; rice-bran graham crackers, fruit bars and fruit muffins from Health Valley Foods.

But bakers were quick to renounce tropical oils: Led by Procter & Gamble, Pepperidge Farm, Keebler Co. and Ralston Purina (as well as by Kellogg, Quaker Oats, and General Mills), many bakers reformulated their products to eliminate palm and coconut oils, which are high in saturated fatty acids. Yet according to Marketing Intelligence, only 15 bakery products or product lines introduced last year were specially labeled "no tropical oils."

"Light" (or "lite") breads all containing 40 calories per slice were introduced in several varieties by a host of bakers including Charles Freihofer, Continental, Interstate, Matthew's All Natural, Stroehmann, Schwebel, Arnold, Metz, Weight Watchers, Butter-Krust, and Taystee. Several offer light oat-bran varieties. Pepperidge Farm is different: It's new *Light Style* breads have 45 calories per slice. Light hot-dog and hamburger buns were launched by Freihofer and Stroehmann.

Oat bran abounds on the bakery rack and in the frozen-bakery case: Campbell Taggart introduced *Rainbo* oat-bran hamburger buns; S.B. Thomas, Sara Lee, Campbell-Taggart, Merico and General Foods (*Orowheat*) oat-bran English muffins; Lender's (Kraft), Sara Lee and Mrs. Fields oat-bran bagels; Athens Pastries, Tofuyans's Bakeries and M.E.B., Inc. oat-bran pita bread; Healthy Munchies oat-bran breadsticks; New England Food Co. oat-bran pouch bread; Lifetone International oat-bran toast. Major players introducing oat-bran muffin mixes included Proctor & Gamble (*Duncan Hines*), General Mills (*Betty Crocker*), Fearn Natural Foods and Martha White.

"Healthy" pastry introductions included a line of *Entenmann's* (General Foods) fresh cholesterol-free cakes, cookies and muffins, all labeled "less than 100 calories per serving." Most unique item in the line: A cheese-filled crumb coffee cake stickered "made with fat-free cheese." Continental Baking Co. launched 97-percent fat-free *Hostess Lights* chocolate snack cakes in four varieties made with 100-percent vegetable oil and with 110 to 140 calories per cake, depending on variety. Pepperidge Farm introduced *Dessert Light* in five single-serve varieties with less than 175 calories per 2¾- to 4½-oz. serving. Two bakers introduced cholesterol-free "cheesecakes:" *Lindy's No Cholesterol Cheesecake* from Lindy's Food Products (New York City) is made with "a cream cheese alternative;" *Eli's Light Cheesecake* from Eli's Chicago's Finest is made with soy proteins, low-fat dairy products and no eggs for 69 calories per ounce.

Bakers have learned to be cautious when labeling their products "light." Although the term has yet to be defined by FDA, Sara Lee last year was forced by the attorneys general of nine states to drop the term from labeling on a four-item line of whipped desserts. Sara Lee said "light" described product texture; the states claimed that consumers interpret "light" to mean low in calories.

**"Healthy bakery" product introductions in 1989 included a number of "light" breads with 40 calories per slice, and crackers positioned as cholesterol-free, low in sodium or high in fiber.**

**Sparkling waters and an assortment of exotic-flavored beverages make up the choices offered by "New Age" drinks.**

## New Age Drinks

Does Perrier have a chance to bounce back from its brush with benzene contamination? Industry observers seem to think the import giant will make a comeback but will lose its dominance of imports in the U.S. bottled water market.

The longer the brand stays off grocery shelves, the tougher the uphill battle will be to take back space taken over by regional brands such as San Pellegrino and Saratoga. "My best bet is that Perrier will recover no more than 60 percent of what it lost," said Mona Doyle of Consumer Network (Philadelphia).

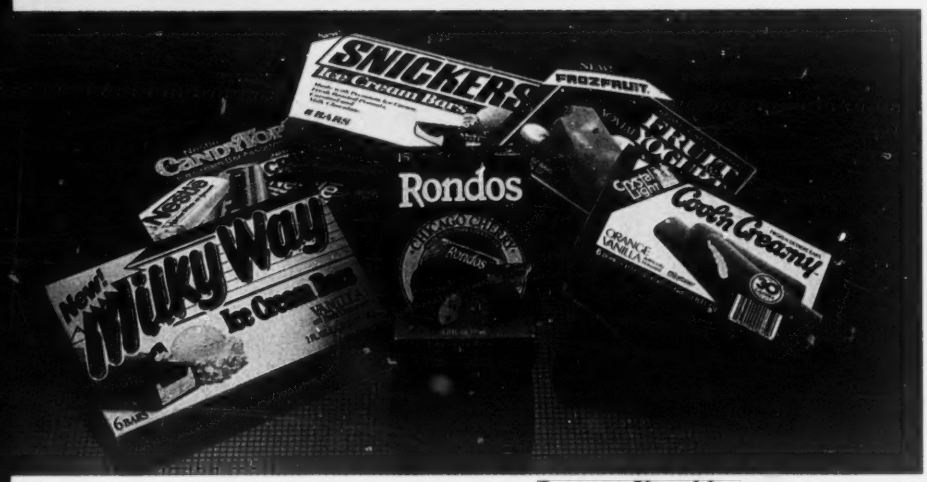
"Everyone in the industry who I spoke to expressed sympathy for Perrier and felt they handled it well," said Helen Berry, research director of the Beverage Marketing Corp. (New York). To recover its niche in the $28.8 million sparkling mineral water market (Arbitron/SAMI, New York), industry observers agree that Perrier will have to mount a massive media blitz to woo consumers back from other brands. In March, Perrier began to advertise its return.

Close on the heels of Perrier is Evian, which is the fastest growing bottled water in the $1.8 billion dollar market according to Berry. Total volume in the bottled water category has multiplied four times during the last decade which accounts for the more than 600 brands in the U.S., reported the International Bottled Water Association (Alexandria, VA).

Since America is gulping down bottled water in record numbers (per capita consumption doubled in five years to 6.4 gallons), Adolph Coors Co. (Golden, CO) began testing the waters in mid-January with its *Coors Rocky Mountain Sparkling Water*. Pepsi-Cola Company announced from its Somers, NY facility the launch of *H2Oh!* sparkling water. While sales for the flavored sparkling water market have percolated to just over $29 million in 1989, according to Arbitron/SAMI, the juice-added sparkling water segment has virtually exploded with sales of $96.5 million in 1989, an increase of almost one-third over 1988. While bottlers find it pays to add juice to water, the opposite is true for soft drinks. Early in '89, Pepsi-Cola found the juice-added craze lost its fizz and reduced the juice content of its regular *Slice* soft drink from 10 to two percent. The diet version contains five percent juice down from ten.

Imports continue to be popular with many brands surfacing from Australia, such as *Koala Springs Sparkling Water, Aussie Mineral Water Fruit Beverage,* and *Walkabout Springs Mineral Water*.

No discussion of "New Age" drinks would be complete without mentioning the West Coast. Many of the sparkling waters and some exotic flavored beverages included Mexican-spiced drinks such as Cocodrilo Beverage, Inc. (Fountain Valley, CA) in Spicy Cola and Spiced Mango varieties that include a pinch of jalapeño and serrano essence. Wisdom Import Sales Co. (Irvine, CA) imports a tamarind-flavored beverage from Mexico. And on the health front, Mendocino Beverage Co. (Mendocino, CA) has won a recommendation by the California Health Research Foundation for its calcium level.




**Ice-cream "candy bars" and "bon-bons," aimed at the premium end of the market, and frozen stick yogurts and ice milks targeted to the low-cal end, were among the most unique frozen-novelty introductions last year.**

## Frozen Novelties

According to a January 1990 study by FIND/SVP, frozen novelties enjoyed astounding growth during the past decade, with retail sales soaring from $725 million in 1980 to $2.5 billion in 1989 and continuing to grow at an annual rate of 7.5 percent to $3.35 billion in 1993. Ice-cream and ice-milk products accounted for 49 percent of frozen-novelty sales in 1989, FIND/SVP reports. Water-ice products contributed 25 percent, fruit bars 14 percent. Pudding pops, tofu, sherbet and "other" types (mainly gelatin and yogurt) each generated about 3 percent. The "other" category, however, is growing at an annual rate of 25 percent, mainly because of frozen yogurt. FIND/SVP sees future growth dominated by two opposing types: "high-calorie/high-gratification" treats such as *Häagen-Dazs* bars and *Chipwiches*, and "low-calorie/low-cholesterol" types such as sugar-free *Eskimo Pies* and *Crystal Light* frozen-drink bars. Reason: The frozen-novelties market is becoming increasingly adult-oriented as the "traditional" children's segment stagnates. "Superpremium products are more important to this market than ever before," FIND/SVP concludes. Niche marketing and strong brand identity is essential in a market where product life rarely exceeds 3 years.

According to Marketing Intelligence, 75 new frozen-novelty lines and line extensions totaling 144 products were introduced in '89. Gold Bond, which owns Popsicle Industries, was most active with no less than 14 new-product launches totaling 25 items. General Foods was next with five new-product introductions totaling nine items. Most unique at the "high-calorie/ gratification" end are the stickless "ice-cream candy bars" and "bon-bons" unveiled by Dove International division of Mars, Inc., Nestle and Carnation Co. (a subsidiary of Nestle). Dove, first with an ice-cream candy bar by extending the Mars' *Three Musketeers* brand in 1988, added six-packs of Mars' popular *Snickers* and *Milky Way* brands this year. Nestle launched *CandyTops*, a four-pack assortment of Nestle-brand candy bars including *Oh Henry* and *Nestle Crunch*. Dove introduced several varieties of *Rondo Bite Size* bon-bons in 15-count dispenser cartons; Carnation reintroduced two varieties of *Bon Bons Ice Cream Nuggets*. Gold Bond introduced *Bon a'Petites* bite-size frozen *Creamsicle* and *Fudgsicle* ice-cream/sherbet bon-bons.

Most unique new products at the low-calorie/low-cholesterol end are frozen-yogurt stick bars incorporating fruit particulates such as *Frozfruit* from Frozfruit Corp. (Gardena, CA), *Dole Fruit 'N Yogurt Bars* and *Dannon Frozen Lowfat Yogurt On a Stick* (Gold Bond), now in chocolate-coated fruit flavors. Dove entered the low-cal end with a *Dove Light* ice-milk bar. General Foods aimed at the low-cal end with two varieties of fruit-juice bars—*Jell-O Citrus Snowburst* in two flavors and a "Merry Berry Pak" of *Kool-Aid Kool Pops*, plus *Jell-O Gelatin Pops* in three flavors—but didn't neglect the premium side by introducing two varieties of *Baker's Fudge-tastics Ice Cream Sundaes On-A-Stick*. Gold Bond aimed at the children's market with six new ice-cream sandwiches embossed with *Nintendo* video-game characters. Continental Baking Co. entered the frozen-novelty market with *Hostess Twinkies Ice Cream Splits*.